



Will Pot Stocks Soar Now That Jeff Sessions Is Out as Attorney General in the U.S.?

Description

There's never a dull moment in the White House under the Trump administration, and Wednesday offered the latest bombshell announcement: that Attorney General Jeff Sessions had resigned or been fired, whichever you want to call it.

While it may not be a move that is going to have an impact on **Canopy Growth** ([TSX:WEED](#)) (NYSE:CGC) or any other Canadian pot stock — at least not today, anyway — it could have a ripple effect through the cannabis industry, particularly for U.S. stocks.

Cannabis investors will recall that early in the year pot stocks dove on news that Sessions made it clear that federal agents could go after the illegal cannabis market, [even in states that had chosen to legalize pot](#).

It made for a very messy situation, where even though pot was legal in some states, because it was still technically illegal federally, any operations in those places could still be shut down and face repercussions from the federal government for doing so.

It was a bizarre situation, and one that was a little unnerving to cannabis investors, particularly those that invested in U.S.-based stocks on the CNSX. However, as time went on and there were no headlines of any enforcement happening in these legal pot states, and as it became clear that nothing was going to happen, pot stocks continued to climb again.

Does this really have an impact on the industry?

Ultimately, I don't believe Sessions leaving will have any serious impact on the cannabis industry, neither good nor bad. He may have had some tough talk on cannabis, but nothing significant ended up coming from it, and so I don't believe it's necessarily a sigh of relief.

After all, his replacement could try to be even tougher on cannabis. But the lack of enthusiasm from federal officials to get involved in legal state operations suggests to me that there's not a big threat of that happening right now, and until and if it does, it's not a risk I would give much weight to.

Takeaway for investors

Although Canopy Growth and other pot stocks did get a boost this week thanks at least in part to the developments that have happened south of the border, effectively nothing has changed to make Canadian pot stocks any more promising.

While people may claim that this could help push legalization of cannabis forward, especially as [U.S. states continue to move to legalize marijuana](#), we've seen this happen for some time now, and legalization (at the federal level) is still not in sight.

The danger with pot stock is that they are too receptive to any news, and while good news can give them a boost, bad news can have the reverse effect, even though it has no direct impact on a company's outlook.

Cannabis investors should take these types of developments with a grain of salt, as the fundamentals of a stock like Canopy Growth remain unchanged, especially given it doesn't have a stake in the U.S. right now anyway. It's as good a buy as it was before all these events, and investors shouldn't lose sight of that.

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